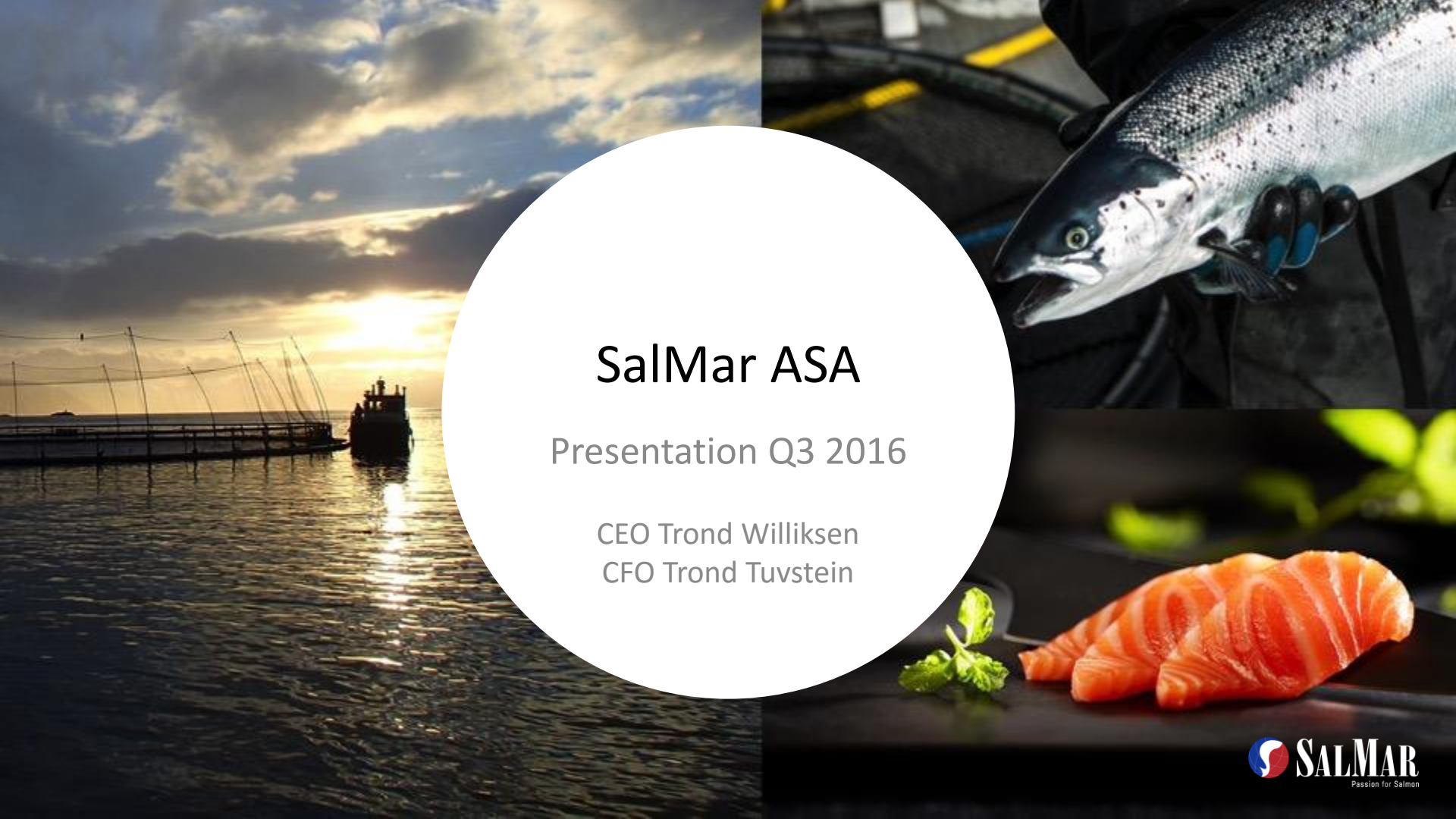




SalMar ASA

Presentation Q3 2016

CEO Trond Williksen

CFO Trond Tuvstein

Agenda

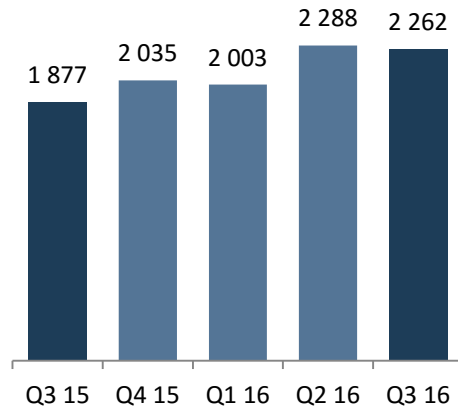
- Highlights
- Operational update
- Financial update
- Outlook



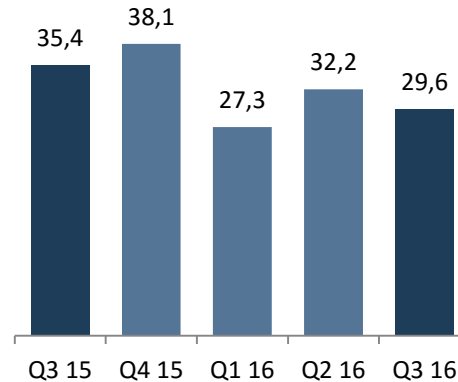
Third quarter 2016 highlights

- Satisfactory results driven by strong prices
- Biological challenges driving costs
- 49% of sales on contracts with prices well below average spot
- Volume guiding for 2016 down 8,000 tons to 118,000 tons
 - 50/50 actual reduction and transfer of volumes into 2017

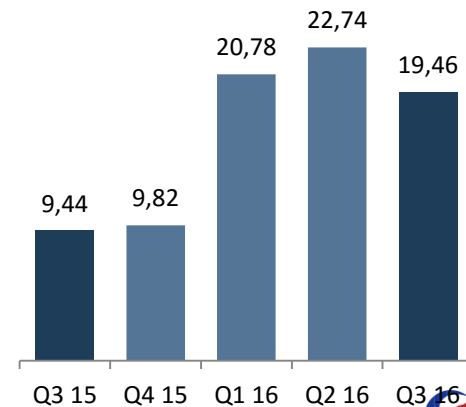
Operating income (NOKm)



Harvest volume (1,000 tons)



EBIT/kg (NOK)



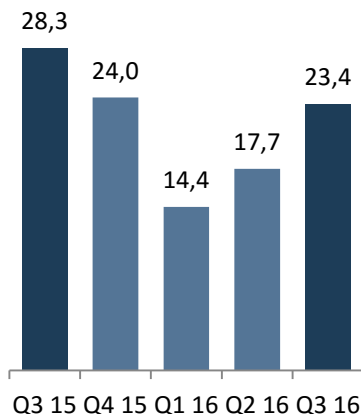
A fisherman in a blue and yellow jacket is working on a fishing net on a boat deck. He is wearing blue gloves and using orange-handled pliers. In the background, another person in a black and yellow jacket is also working on a net. The boat has a metal railing and a net is draped over it. The background shows a body of water and some distant land.

Operational update

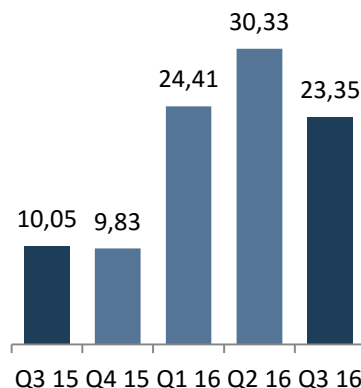
Farming Central Norway

	Q3 2016	Q3 2015	FY 2015
Operating income (NOKm)	1 424,9	1 168,8	3 941,7
Operational EBIT (NOKm)	545,8	284,4	947,7
Operational EBIT %	38,3 %	24,3 %	24,0 %
Harvested volume (tgw)	23,4	28,3	96,9
EBIT/kg	23,35	10,05	9,78

Harvest volume (1,000 tons)



EBIT/kg (NOK)

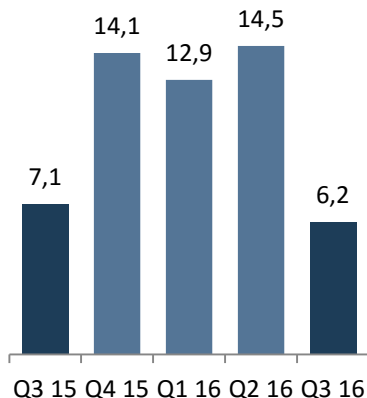


- Challenging biological situation
 - Driving costs and affects overall efficiency
- Some accelerated harvesting
- Strong operations give satisfactory production results in a challenging area
 - Especially the conventional production
- Margin-squeeze on organic salmon
 - High spot-prices reduce premium
 - Market challenges related to labelling
 - Very high underlying cost
- Expect harvest volumes of 73 000 tons in 2016 , down 4 000 from Q2

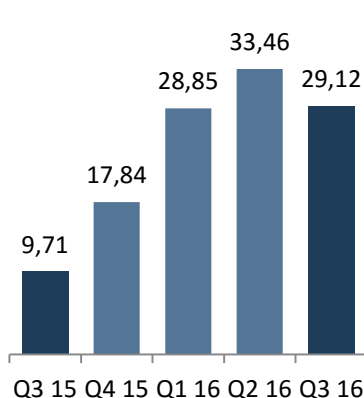
Farming Northern Norway

	Q3 2016	Q3 2015	FY 2015
Operating income (NOKm)	369,0	282,8	1 646,9
Operational EBIT (NOKm)	181,4	68,6	505,8
Operational EBIT %	49,2%	24,2%	30,7%
Harvested volume (tgw)	6,2	7,1	39,5
EBIT/kg	29,12	9,71	12,81

Harvest volume (1,000 tons)



EBIT/kg (NOK)

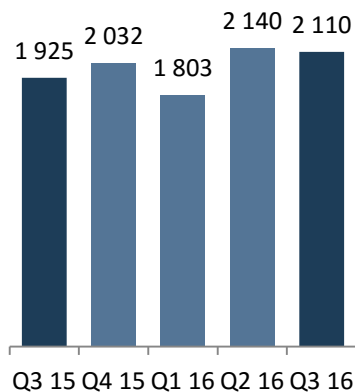


- Satisfactory operational performance
- Zone regulations influence harvest distribution
 - Negative effect on prices achieved
 - Accelerated harvesting due to MAB limitation
- Biological situation remains sound
 - Slight increase in lice treatments in southern part of the region
 - Improved preparedness through investments in non medicamental treatment and well-boat capacity
- Operational optimisation push volumes into 2017
- Expect harvest volume of 45 000 tons in 2016, down 4 000 from Q2 guidance

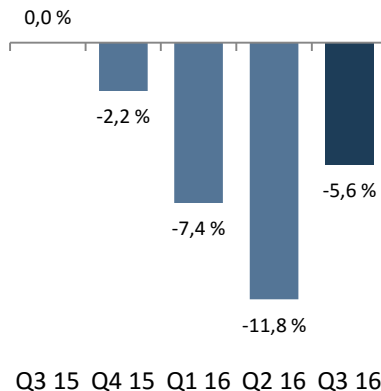
Sales & Processing

	Q3 2016	Q3 2015	FY 2015
Operating income (NOKm)	2 110,2	1 925,0	7 295,0
Operational EBIT (NOKm)	-118,8	0,5	72,6
Operational EBIT %	-5,6%	0,0%	1,0%

Operating income (NOKm)



EBIT-margin (%)

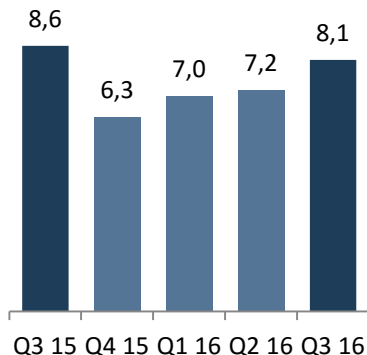


- 49% of sales on contract at prices below average spot
- Operational efficiency affected by biological situation within farming
- Downgrades and suboptimal sizes affect prices achieved
- Processing affected by high raw material prices
- Expect 55% contract share for Q4 due to overall volume adjustments. Contract-prices up from previous quarters

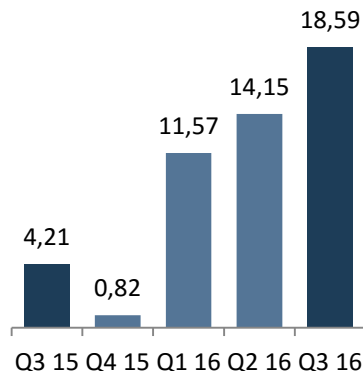
Norskott Havbruk

	Q3 2016	Q3 2015	FY 2015
Operating income (NOKm)	511,9	462,8	1 498,5
Operational EBIT (NOKm)	151,5	36,2	121,6
Operational EBIT %	29,6%	7,8%	8,1%
Value adjustments biomass	26,4	-23,6	-23,9
Profit before tax	175,0	11,7	90,4
SalMars share after tax	68,9	5,5	41,4
Harvested volume (tgv)	8,1	8,6	27,0
EBIT/kg	18,59	4,21	4,50

Harvest volume (1,000 tons)



EBIT/kg (NOK)

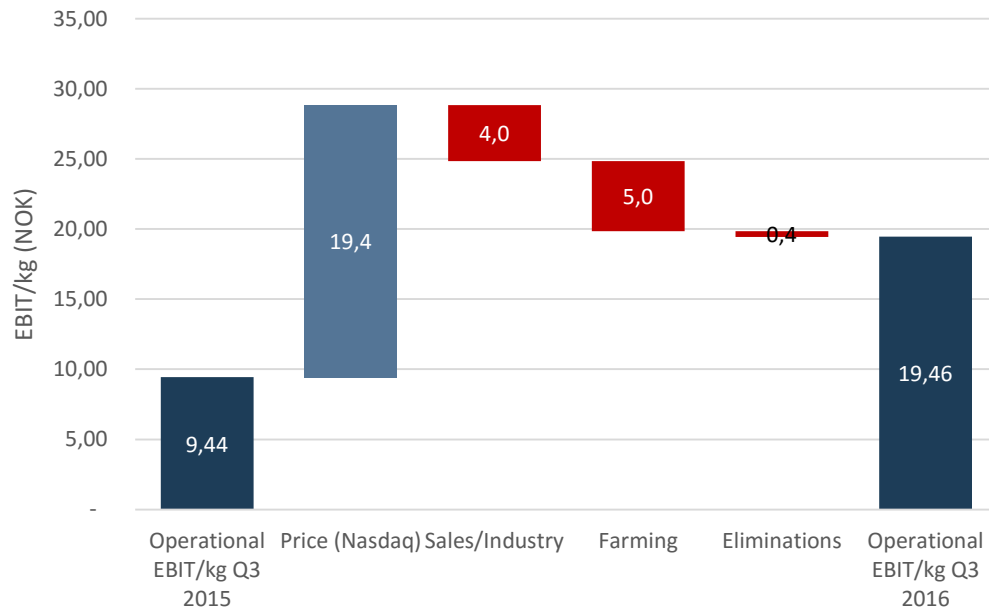


- Contract share of some 50% during the quarter
- The biological situation is good in Scottish Mainland and Orkney
- Biological challenges in Shetland region
 - Sea lice
 - Gill health
 - Accelerated harvesting
- Expect harvest volumes of approx. 26 000 tons in 2016

Financial update



Operational EBIT deviation analysis (yoy)



- Continued strong prices
 - Average price up NOK 19.38/kg yoy
- 49% of sales on contracts with significant negative effect
- Farming costs driven by continued biological challenges
- EBIT/kg Q3 2016 NOK 19.46, up from NOK 9.44 in Q3 2015

Group profit and loss

NOK million	3Q 16	3Q 15	YTD 2016	YTD 2015	FY 2015
Operating income	2 262,1	1 876,6	6 553,5	5 291,0	7 326,2
Cost of goods sold	1 022,9	931,9	2 780,3	2 545,9	3 562,8
Payroll expenses	217,9	197,0	622,6	564,7	765,9
Other operating expenses	354,7	338,3	1 012,3	924,0	1 272,2
EBITDA	666,5	409,5	2 138,3	1 256,4	1 725,3
Depreciations	90,2	75,8	263,6	226,8	321,4
Operational EBIT	576,3	333,7	1 874,7	1 029,6	1 403,9
Fair value adjustment	173,3	141,2	117,6	21,5	39,9
Operational profit	749,6	474,9	1 992,3	1 051,1	1 443,8
Income from investments in associates	67,5	4,2	159,5	26,1	40,2
Net interest costs	-27,0	-25,6	-74,8	-71,0	-95,3
Other financial items	26,4	0,8	46,9	0,5	-5,1
Profit before tax	816,5	454,3	2 123,9	1 006,7	1 383,7
Tax	189,1	118,1	489,6	264,7	254,9
Net profit for the period	627,3	336,2	1 634,3	741,9	1 128,8

- Revenues and results driven by strong salmon prices
- Average salmon price (NASDAQ)
NOK 60.47/kg (NOK 41.09)
- 49% contract share with significant effect on prices achieved
- Costs affected by biological conditions
- EBIT/kg NOK 19.46 vs NOK 9.44 in Q3 15

Group balance sheet

NOK Million	30.09.2016	30.06.2016	31.12.2015	30.09.2015
ASSETS				
Intangible fixed assets	2 911,9	2 913,0	2 913,5	2 929,7
Tangible fixed assets	3 050,1	2 866,5	2 412,0	2 210,3
Financial fixed assets	857,0	851,3	636,2	571,0
Total fixed assets	6 819,0	6 630,8	5 961,7	5 711,0
Inventory	4 286,6	3 637,7	3 634,3	3 581,7
Accounts receivables	484,5	774,1	815,5	890,8
Other short-term receivables	407,1	328,5	258,3	235,3
Cash and cash equivalents	419,8	198,9	273,7	96,3
Total current assets	5 597,9	4 939,3	4 981,8	4 804,2
TOTAL ASSETS	12 416,9	11 570,0	10 943,5	10 515,2
EQUITY AND LIABILITIES				
Paid-in equity	523,3	515,7	501,1	476,6
Reserves	5 060,6	4 455,5	4 646,3	4 275,1
Minority interests	60,7	76,3	79,7	77,5
Total equity	5 644,6	5 047,6	5 227,0	4 829,2
Provisions for liabilities	1 228,9	1 189,3	1 230,8	1 281,0
Int. bearing long-term liabilities	2 230,5	2 488,6	2 761,4	2 452,6
Total long-term liabilities	3 459,5	3 677,9	3 992,5	3 733,6
Int. bearing short-term liabilities	140,4	320,6	140,4	333,4
Other short-term liabilities	3 172,4	2 524,0	1 583,9	1 619,0
Total short-term liabilities	3 312,8	2 844,6	1 723,9	1 952,4
TOTAL EQUITY AND LIABILITIES	12 416,9	11 570,0	10 943,5	10 515,2
Net interest bearing debt	1 951,2	2 610,3	2 628,1	2 689,7
Equity share	45,5 %	43,6 %	47,8 %	45,9 %

- Investments in line with ongoing investment programs
- Fair value of biomass increased NOK 340,8 million
- Other short-term liabilities up NOK 648.4 million
 - Account payables up NOK 364.1 million
 - Tax payable up NOK 149.7 million
 - Loss on contract sales up NOK 183.1 million
- Net interest bearing debt down NOK 659.1 million to NOK 1 951.2 million
- Equity ratio up to 45.5%

Group cash flow

NOK million	3Q 16	3Q 15	YTD 2016	YTD 2015	FY 2015
Profit before tax	816,5	454,3	2 123,9	1 006,7	1 383,7
Tax paid in period	-	-0,6	-17,6	-5,9	-315,1
Depreciation	90,2	75,8	263,6	226,8	321,4
Share of profit/loss from associates	-67,5	-4,2	-159,5	-26,1	-40,2
Gains exit subsidiaries	-	-	-28,4	-	-
Change in fair value adjustments	-173,3	-141,2	-117,6	-21,5	-39,9
Change in working capital	302,6	-214,9	855,5	-4,8	279,2
Other changes	-31,1	1,6	45,5	30,4	33,3
Net cash flow from operating activities	937,4	170,8	2 965,5	1 205,7	1 622,3
Net cash flow from investing activities	-246,0	-104,0	-1 089,3	-404,5	-724,7
Change in interest-bearing debt	-438,3	-55,1	-530,9	317,8	424,8
Dividend paid out	-4,7	-	-1 125,9	-1 120,0	-1 124,9
Interest paid	-27,2	-25,6	-75,0	-71,0	-95,3
Other changes	-	-0,2	-	-0,1	-0,1
Net cash flow from financing activities	-470,2	-81,0	-1 731,7	-873,3	-795,5
Net change in cash for the period	221,2	-14,2	144,5	-72,1	102,0
Foreign exchange effects	-0,4	1,5	1,6	1,5	4,7
Cash in the beginning of the period	198,9	109,0	273,7	167,0	167,0
Cash at the end of the period	419,8	96,3	419,8	96,3	273,7

- Strong cash flow from operations
 - Strong operational earnings
 - Working capital release
- Net cash flow from investments at NOK 246 million
 - NOK 273 million related investments in operational assets
 - NOK 123 million in existing and new smolt capacity
 - NOK 49 million in Ocean Farming
- Cash and cash equivalents increased by NOK 221 million to NOK 420 million

Outlook





Outlook

- Biological situation remains challenging – continues into Q4 16
 - Improved capacity for handling of sea lice in all regions
- New guiding: Expect harvest volume of 118 000 tons (Norway) in 2016
 - 4 000 tons from Northern Norway pushed into 2017
- Current contract share for Q4 2016 around 55% due to overall volume adjustments. Contract share for 2017 approx. 30%
 - Contract-prices up from previous quarters
- Experiencing continued good demand in core markets
- Tight market support strong prices going forward
 - Global supply expected down 7% in 2016
 - Norwegian supply expected down 4%
- 128 000 tons expected in 2017

Thank you for your attention!

